DOCUMENT RESUME

ED 316 078 HE 022 982

AUTHOR Mortenson, Thomas G.
TITLE Attitudes of Americans toward Borrowing To Finance Educational Expenses 1959-1983. ACT Student Financial Aid Research Report Series 88-2.
INSTITUTION American Coll. Testing Program, Iowa City, Iowa.
PUB DATE Nov 88
NOTE 42p.; For related documents, see ED 312 930 and HE 022 981-984.
AVAILABLE FROM ACT Publications, P.O. Box 168, Iowa City, IA 52243.
PUB TYPE Reports - Research/Technical (143) -- Statistical Data (110)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS Access to Education; *Community Attitudes; Demography; *Educational Attitudes; Educational Finance; Enrollment Trends; Federal Aid; Financial Aid Applicants; Government Role; Grants; Higher Education; Need Analysis (Student Financial Aid); Public Policy; Student Characteristics; *Student Financial Aid; *Student Loan Programs; Student Needs
IDENTIFIERS *Debt (Financial)

ABSTRACT

This document, the third in a series of research reports on student financial aid, examines attitudes of Americans toward borrowing to finance educational expenses between 1959 and 1983. The impetus for the study was interest in the effects of the Federal Government's shift in student aid emphasis from grants to loans during this period. The study analyzed data from surveys of consumer finances previously collected for the Federal Reserve System. Findings indicated that Americans express a high degree of willingness to borrow to finance educational expenses with educational loans consistently viewed favorably by 70% to 80% of the population over the 24-year period. Groups less favorably inclined to borrow to finance educational expenses include women, older persons, the less educated, those with low household income, and Hispanics. Possible implications for public policy include attempting to change attitudes about borrowing among groups reluctant to finance attendance costs through loans, improving existing programs of grants, or developing additional alternatives to loans that are more acceptable to aid applicants. Data are presented in both narrative and graphic forms. Tables are appended. Contains 22 references. (SM)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED316078

ACT Student Financial Aid
Research Report Series 88-2

Attitudes of Americans Toward Borrowing to Finance Educational Expenses 1959-1983

Thomas G. Mortenson

November 1988

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
American College Testing Program
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☑ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

BEST COPY AVAILABLE

HE022 982

BEST COPY AVAILABLE

Prepared by The American College Testing Program.

For additional copies write:
ACT Publications
P.O. Box 168
Iowa City, Iowa 52243

©1988 by The American College Testing Program. All rights reserved.

ATTITUDES OF AMERICANS TOWARD BORROWING TO FINANCE EDUCATIONAL EXPENSES 1959-1983

Thomas G. Mortenson

TABLE OF CONTENTS

Introduction

The Public Policy Issues 1
Research on Effects of Loans on Enrollment Behavior 3
Attitude and Behavior 4

Research Design

The Data 6
The Analysis 6

Findings

Willingness to Borrow for Various Purposes 7
Willingness to Borrow to Finance Educational Expenses 10
Gender
Age
Occupation
Educational attainment
Income
Race
Income and race

Interpretation of the Findings

Loans as Substitutes for Grant Aid 22
Student Loan Defaults 23
Characteristics of Student Loan Defaulters 23
Conclusion 25
Directions for Future Research 26

References 28
Appendix 30

ABSTRACT

This study analyzes data on the attitudes of Americans toward borrowing to finance educational expenses between 1959 and 1983. The impetus for the study was interest in the effects of the federal government's shift in student aid emphasis from grants to loans in the financing of college attendance costs during this period. Of interest is the concurrent decline in college enrollment rates for some portions of the U. S. population. The data used to examine these questions in this study were obtained from surveys of consumer finances collected for the Federal Reserve System.

The study shows that Americans express a high degree of willingness to borrow to finance educational expenses. Over the twenty-four year period for which data are available, educational loans have consistently been viewed favorably by 70 percent to 85 percent of Americans. Education, along with cars and medical expenses, is viewed as one of the three most worthy reasons for borrowing money.

However, not all groups of Americans are favorably inclined to borrow to finance educational expenses. For example, some groups such as women, older persons, persons from selected occupations, the less educated, those from low household income, and Hispanics are less favorably disposed, on average, to borrow.

The relationship between attitude and behavior has been studied by social psychologists, and a significant link between attitude and behavior has been identified. Such research has not been conducted in the area of borrowing to finance educational expenses, however. Under the conditions in which attitude influences behavior, the differences in attitudes about student loans among different portions of the population suggest that loans may not be equally effective in meeting educational equity aims of financial aid for all aid applicants. A more comprehensive modeling of student enrollment and default behavior with respect to educational borrowing is suggested. This research would address precollegiate conditions (including attitude), collegiate experiences, and postcollegiate job experience.

If higher educational enrollment equity aims are to continue to be pursued through student financial aid, then known differences in attitudes should be reflected in public policy, especially if those differences in attitudes are believed to adversely affect the intended outcome of the financial aid program. Public policy choices could include attempting to change attitudes about borrowing among groups reluctant to finance attendance costs through loans. Other choices could be to improve existing programs of grants or to develop additional alternatives to loans that are more acceptable to aid applicants.

ACKNOWLEDGMENTS

This research project became possible when Gregory Elliehausen of the Federal Reserve System provided copies of the 1977 and 1983 Surveys of Consumer Finances for this project. John Ferraro of the Federal Reserve System staff prepared data tapes and provided detailed documentation. These tapes were analyzed at ACT through the programming efforts of Clarence Kreiter. Clarence and Terry McNabb provided assistance in the interpretation of the attitude-behavior research literature crucial to linking the survey data with the problems of using educational loans to meet the financial needs of all kinds of students. Mark Heffron and Richard Ferguson provided helpful comments on drafts of this paper. I am grateful to these people for their assistance in this study.

ATTITUDES OF AMERICANS TOWARD BORROWING TO FINANCE EDUCATIONAL EXPENSES 1959-1983

Thomas G. Mortenson

Introduction

This paper examines Americans' attitudes about the use of loans to help students and their families finance the students' postsecondary educations. Specifically, this study analyzes the results of surveys of Americans in 1959, 1967, 1970, 1977 and 1983 about their attitudes toward borrowing to finance their educational expenses. Data used in this study were collected for studies of consumer finances by the Federal Reserve System.

This study extends earlier research on the use of loans to help students finance their college attendance costs by examining data on the evolution of attitudes toward borrowing by groups reflecting various population characteristics. These characteristics include gender, age, occupation, educational attainment, income, and race/ethnicity. As a part of the study, the social psychology research literature on the link between attitude and behavior was examined. In so doing, the study seeks to identify those for whom loans are and others for whom loans are not adequate means of helping students finance college attendance costs. A concluding section compares the characteristics of those with negative attitudes toward borrowing to finance educational expenses with characteristics of student borrowers who default in repaying their student loans.

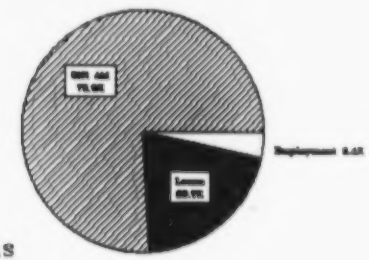
The Public Policy Issues

With the adoption of the Higher Education Act of 1965, the federal government has sought to assist students with financial need to pay for their higher educations. The federal purpose of this assistance has been to equalize higher educational opportunity for individuals without the financial resources to pay for college on their own (Gladieux and Wolanin, 1976). This federal assistance has taken a variety of forms, including grants, work-study, and loans. Funding through Title IV of the federal Higher Education Act has grown substantially, although much of this growth has been offset by increasing college attendance costs and declines in other forms of federal financial aid to college students, e.g., Social Security survivor's benefits and Veteran's educational benefits. Currently about 75 percent of all student aid is provided through federal programs (Lewis, 1988).

While the total amount of funding has increased, in recent years the form of federal financial aid available to students has shifted notably from gift aid to loans. In 1975-76, the proportion of federal student aid provided through gift aid was 76 percent, while loans constituted 21 percent. By 1987-88, the proportions have nearly reversed: 29 percent gift aid compared to 67 percent loans. This shift is highlighted in Figure 1 and is detailed in Appendix Table A-1.

FIGURE 1
FEDERAL STUDENT FINANCIAL AID BY TYPE
1975-76 AND 1987-88

$8,561
Million

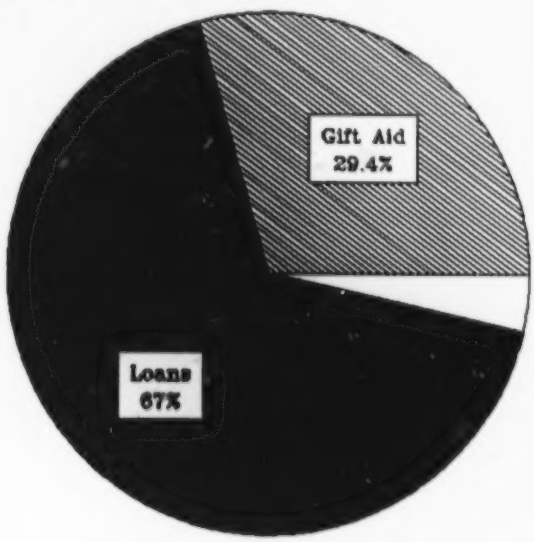


1975-76

Aid by Type in Millions

	Gift Aid	Loans
75-76	$6494	$1772
87-88	$5415	$12362

$18,442
Million



1987-88

Source: See Appendix Table A-1.

Concurrently with the shift in federal student aid emphasis from grants to loans, a number of public policy concerns have arisen in U. S. higher education. These issues are sometimes discussed as by-products of this shift.

- Since the late 1970s, when federal student aid was refocused from grants to loans, the college entrance rate for recent white high school graduates has increased, while the college entrance rate for nonwhites has decreased (Mortenson, 1987).

- Student loan defaults have increased, with concomitant increased lender reimbursement costs to the federal government as a result of the federal guarantee to the lender (Office of Management and Budget, 1988).

- Accumulated indebtedness and loan repayment obligations may affect student plans for post-baccalaureate/professional study, career choice, consumption, and life-style options, including marriage, children, and geographic location. These questions tend to redefine the purpose of higher education in ways important to the American future (Newman, 1985).

Loans, nevertheless, have provided an important vehicle for a growing number of students who need help to finance their college attendance costs. For these students, loans appear to be an essential, successful, and relatively inexpensive form of aid; they achieve their objective of enabling many students and their families to finance the college attendance costs they face.

Research on Effects of Loans on Enrollment Behavior

Carlson observed in 1974 that in the then-current policy debate over alternative strategies for federal and state financing of higher education, the primary focus of the discussion was on institutional versus student aid. The former addressed student gross-price issues such as tuition and enrollment response to different tuition levels that would result from different levels of institutional funding. The latter addressed student net-price issues, such as the enrollment response to different aid funding levels. The latter point, he observed, did not address the issue of the form that student financial aid would take: grants, loans, work-study. As a result, Carlson collected and reanalyzed data from several student surveys, including attitudinal surveys, to determine student enrollment response to alternative higher educational financing strategies, including the level and form in which student aid was provided.

Carlson's work, although dated, is the only analysis available pertinent to the issue of the effectiveness of loans for financing college attendance costs. A recent review of the literature (Hansen, 1987) concluded: "Hard evidence to support or refute this concern (about the effects of the balance between loans and grants on equality of educational opportunity) is unfortunately difficult to find."

Carlson adopted the "student price response coefficient" (SPRC) as the measure of enrollment change resulting from price change. The SPRC is the percent change in enrollment due to a $100 change in net price of attendance (in terms of 1973 dollars). Carlson calculated direct enrollment effects (access) on student enrollment behavior, and his direct student price response coefficients are summarized in Table 1 (Carlson, 1974).

TABLE 1

Direct Student Price Response Coefficients
by Institutional Type, Family Income Level, and Aid Form
(1973 Dollars)

Institutional Type	Family Income	Tuition	Grants Max.	Grants No-Max	Work-Study	Loans
Public	Low	2.45	2.17	2.14	.99	1.17
	Middle	1.16	.24	1.90	.19	.30
	High	.87	-	.62	.02	.03
Private	Low	4.28	3.40	2.40	2.00	1.88
	Middle	1.38	.30	2.35	.38	.54
	High	.73	-	1.98	.04	.08

The above table provides important insights about the effects of price and financial aid on low income students. First, it shows that potential college students from low income families are more responsive to price and net price than are potential students from middle and high income families, regardless of institutional type or aid form. Second, it indicates that for low income individuals, tuition and grant subsidies have about twice the enrollment benefits of loans or work-study. Third, the data show that tuition and financial aid are more important to potential private institutional enrollment than to enrollment in a public institution. In summary, Carlson's data indicate that low income individuals' college access and choice decisions are sensitive to tuition levels, the availability of student aid, and the forms in which that aid is made available.

Attitude and Behavior

This study has relevance for public policy only insofar as students' attitudes about various forms of aid influence their behavior. The basic question is: "Do the attitudes of some students about loans alter their enrollment decisions of access, choice and/or persistence?" To the extent that behavior in these areas does mirror attitude, the findings of this study are highly significant.

Social psychologists have examined similar questions for decades, though not specific to the educational loan area. The evolution of attitude-behavior research has several benchmarks. In the 1930s, social psychologists were surprised to discover no correlation between attitude and behavior. Later, improved experimental design produced more noteworthy correlations. These studies were distilled into models in the 1960s and 1970s, the most widely cited of which is known as the Fishbein-Ajzen (1977) model. More recently, criticism of the parsiminous structure of this model led to the proposal of more complex models (Liska, 1984). The more inclusive models of the attitude-behavior relationship now call for the addition of factors such as opportunity and resources. These models offer the expectations both for a higher proportion of variance explained by such modeling than was previously the case, as well as the chance to isolate the effect of attitude from other conditions that influence behavior.

The progress by social psychologists in modeling the attitude-behavior relationship has been noted by Piliavan (1981). Empirical attitude-behavior studies report correlations in the range of .4 to .8, with notably higher correlations found in laboratory studies than field studies, and higher correlations in both for studies conducted after 1968. In the more recent studies, a positive attitude-behavior relationship was found in 55 percent of field studies and 92 percent of lab studies.

These correlations, and the progress made to date in the specification of the attitude-behavior relationship, suggest some caution in the interpretation and application of the following data. First, the data collected in the Federal Reserve System surveys presented the interviewee with a hypothetical situation - not one where the interviewee was actually confronted with the reality of taking out an education loan or not being able to attend college. Second, while progress has been made by social psychologists in studying attitude and behavior, quite likely more remains to be discovered about the circumstances under which attitude influences behavior. Third, and related to the above qualifications, college freshmen provide quite clear and consistent economic and social objectives for attending college. These reasons are almost certainly derived from the same individual welfare maximization utility functions that condition attitude prior to decision time.

In this sense, this study does not provide a definitive answer about what kinds of Americans can be expected to profitably use loans to finance educational attendance costs, and what other kinds of Americans cannot be helped by student loans. Such a study is suggested on the final page of this report. Rather, this study is suggestive of where loans may not be as readily accepted as they may be elsewhere. Where such reluctance may be encountered, as suggested by the Federal Reserve System data, those who make and execute student aid policy should be especially sensitive to how student loans are viewed by potential aid recipients so that their enrollment decisions of access, choice, and persistence are not adversely affected.

Research Design

The Data

This study examined existing historical data from files of the Federal Reserve System. The Federal Reserve has collected data periodically for the purpose of studying consumer finances in the U. S. The surveys were conducted by the Survey Research Center at the University of Michigan. Nationally representative samples of the population were drawn to permit the analysis of consumer finances of various subpopulations of the U. S. Data used here were taken from surveys of national samples of the American population in 1959, 1967, 1970, 1977 and 1983. Copies of the 1977 and 1983 files were provided by Federal Reserve staff for more detailed analyses. Data reported in this paper from the three prior years were taken from previously published reports.

Each participant surveyed in this study was asked the following central question:

> "People have many different reasons for borrowing money which they pay back over a period of time. Would you say that it is all right for someone like yourself to borrow money:
>
> for expenses of a vacation trip?
> for living expenses when income is cut?
> to consolidate bills which have piled up?
> to finance the purchase of a fur coat or jewelry?
> to finance boats, snowmobiles and other hobby equipment?
> to finance the purchase of a car?
> for expenses due to an illness?
> to finance educational expenses?
> to finance the purchase of furniture?"

(The response for boats/snowmobiles/hobby equipment was first used in the 1977 survey.)

The Analysis

The data available in the Federal Reserve System studies were largely cross-tabulated to produce the results graphed on the following pages. Additional analyses through correlation, discriminate analysis, and multiple regression were largely unsuccessful in producing results which added useful insight and were statistically significant.

In retrospect, the failure of these additional analyses was largely due to the lack of focus in the Federal Reserve System data on the question that is the central issue of this study. Our interests in analyzing this data were incidental to theirs. Despite this limitation, the findings are highly suggestive and are therefore presented here as a contribution to the public policy consideration of issues related to the effectiveness of student loans in achieving higher educational equity of opportunity and to the issue of student loan defaults.

Findings

Willingness to Borrow for Various Purposes

In addition to willingness to borrow to finance educational expenses, survey participants were asked to indicate their willingness to finance other purchases of goods, services, or activities. The willingness of 1983 survey respondents to finance these purchases is shown in Figure 2 on the following page.

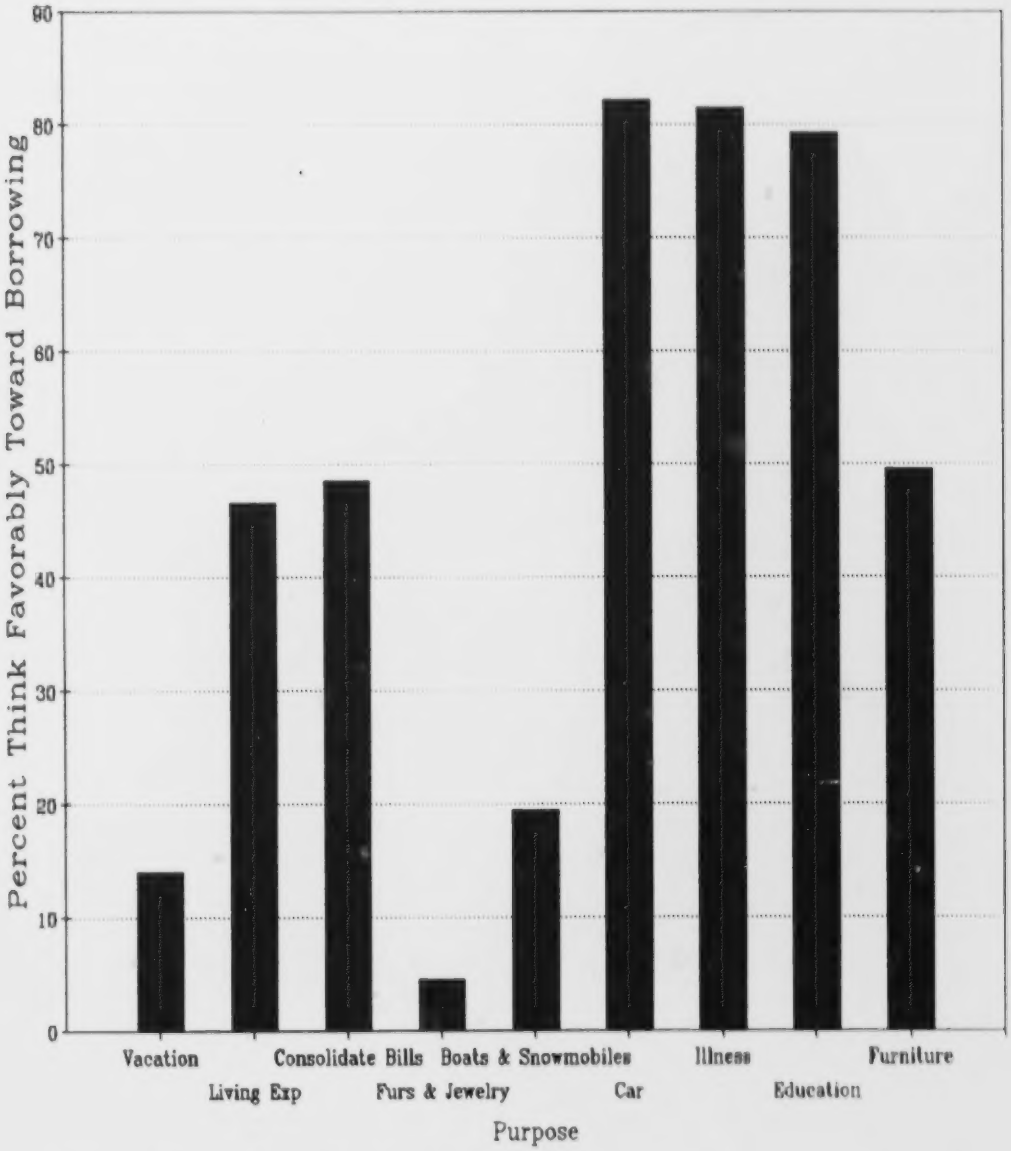
Figure 2 shows a very wide range in willingness to borrow, from a low of 5 percent to purchase furs and jewelry to a high of 82 percent to purchase a car and pay medical bills. The responses to choices presented survey participants may be grouped into three levels. The set of goods and services that survey participants were least willing to borrow to purchase or finance were furs and jewelry, vacation, and boats and snowmobiles. At the intermediate level, where roughly half were willing to borrow, were living expenses, consolidation of bills, and purchase of furniture. At the highest level, where about 80 percent of survey participants were willing to borrow, were education, expenses of illness, and purchase a car.

Figure 3 shows these relationships over time. Generally, over the period of twenty-four years from 1959 to 1983, survey respondents reflected similar priorities. The three most important reasons for borrowing in 1983 were also the most important reasons in 1959, 1967, 1970 and 1977. Similarly, the middle group was unchanged, and the lowest group had always been lowest.

With only a few minor exceptions, Americans' willingness to borrow for these different purposes remained quite stable between 1959 and 1983. Over the twenty-four year period studied, Americans' willingness to borrow increased mainly to pay living costs and to buy cars. Americans were less willing to borrow to pay medical costs in 1983 than they were in 1959.

Table 2 breaks down these responses by constant dollar household income ranges for the years 1959, 1967, 1977 and 1983. Individuals from the middle and upper household income ranges provide survey responses that are more similar to each other than either is to the lowest income group. Among the lowest household incomes, not only is there less willingness to borrow for any purpose, but also a shift in priorities. In 1983, for example, 74 percent of the lowest income group expressed support for borrowing to finance educational expenses, compared to 86 percent and 87 percent for the middle and upper income groups, respectively. The highest borrowing priority for the lowest income group was for expenses incurred during illness, while the highest priority for the middle and upper income groups was to finance the purchase of a car.

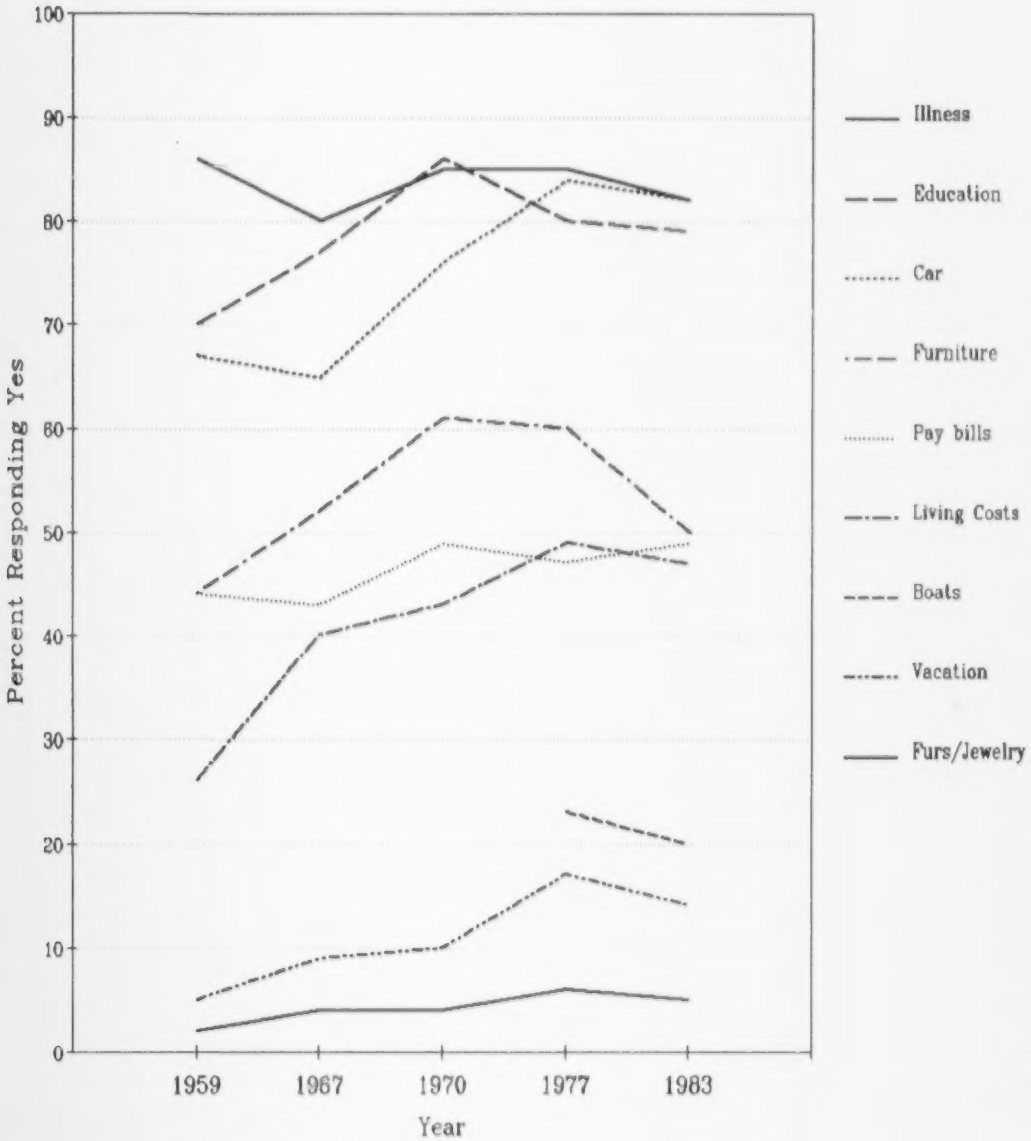
FIGURE 2
WILLINGNESS TO BORROW FOR VARIOUS PURPOSES
1983



Source: 1983 Survey of Consumer Finances, Federal Reserve System

FIGURE 3

People have many different reasons for borrowing money which they pay back over a period of time. Would you say that it is all right for someone like yourself to borrow money for ... (1959-1983)



Source: Surveys of Consumer Finances, Federal Reserve System

TABLE 2

Percent Think Favorably Toward Borrowing for Various Purposes
by Household Income and Year
1959, 1967, 1977, 1983
(in constant 1983 dollars)

Appropriate to borrow for:	Household Income $0-$25,553				$25,554-$34,070				Over $34,070			
	1959	1967	1977	1983	1959	1967	1977	1983	1959	1967	1977	1983
Illness expenses	86%	77%	84%	81%	86%	84%	86%	82%	85%	86%	86%	86%
Educational expenses	66	72	75	74	81	82	87	86	83	88	87	87
Purchase a car	67	56	79	77	74	79	93	90	61	80	91	91
Purchase furniture	44	48	56	46	49	61	66	58	41	58	66	55
Pay bills	45	44	48	52	39	43	50	46	40	40	41	43
Cover living expense	27	40	49	50	21	40	50	44	23	41	49	41
Vacation expenses	5	8	15	16	8	10	21	15	5	13	20	16
Buy fur coat/jewelry	2	4	5	4	3	4	6	5	3	7	8	7
Buy boat/snowmobile	-	-	18	15	-	-	28	26	-	-	33	30

Note: In 1983, median U. S. household income was $21,018.

Willingness to Borrow to Finance Educational Expenses

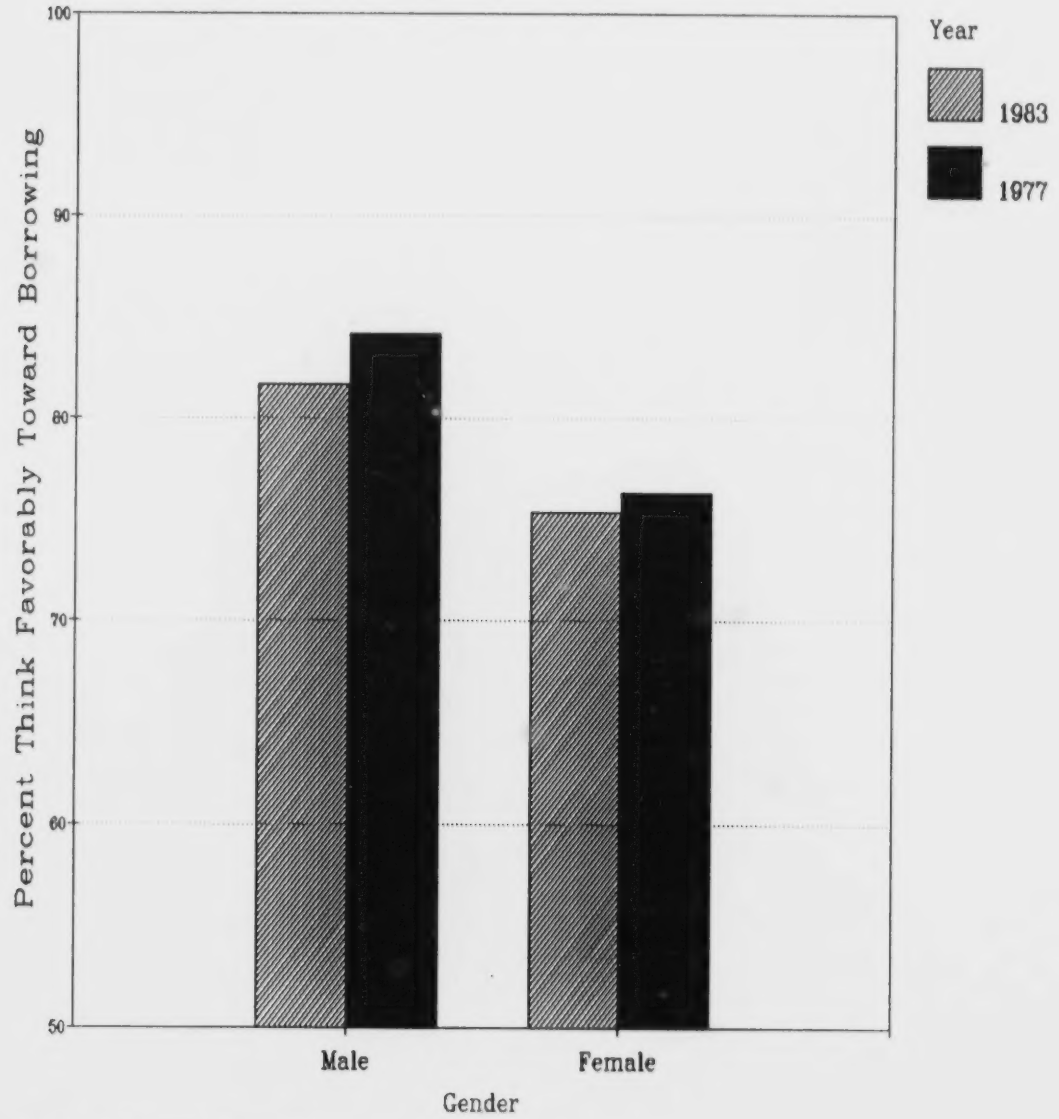
Americans' willingness to borrow for college may be described in terms of individual demographic characteristics that are relevant to student financial aid policy. We use the following demographic and economic descriptors and some of their interactions.

Gender: Figure 4 shows Americans' willingness to borrow for educational expenses by gender. Generally, men report greater willingness to borrow money for this purpose than do women. In 1983, 82 percent of the men and 75 percent of the women reported a favorable attitude.

Age: Figure 5 shows Americans' willingness to borrow by age of survey respondent in 1977 and 1983. Clearly, younger Americans were more willing to borrow to finance educational expenditures than were older Americans. Nearly 90 percent of those less than 25 thought borrowing for education was a good idea, compared to less than 60 percent for those 65 are over. Figure 5 shows that this pattern changed little between 1977 and 1983.

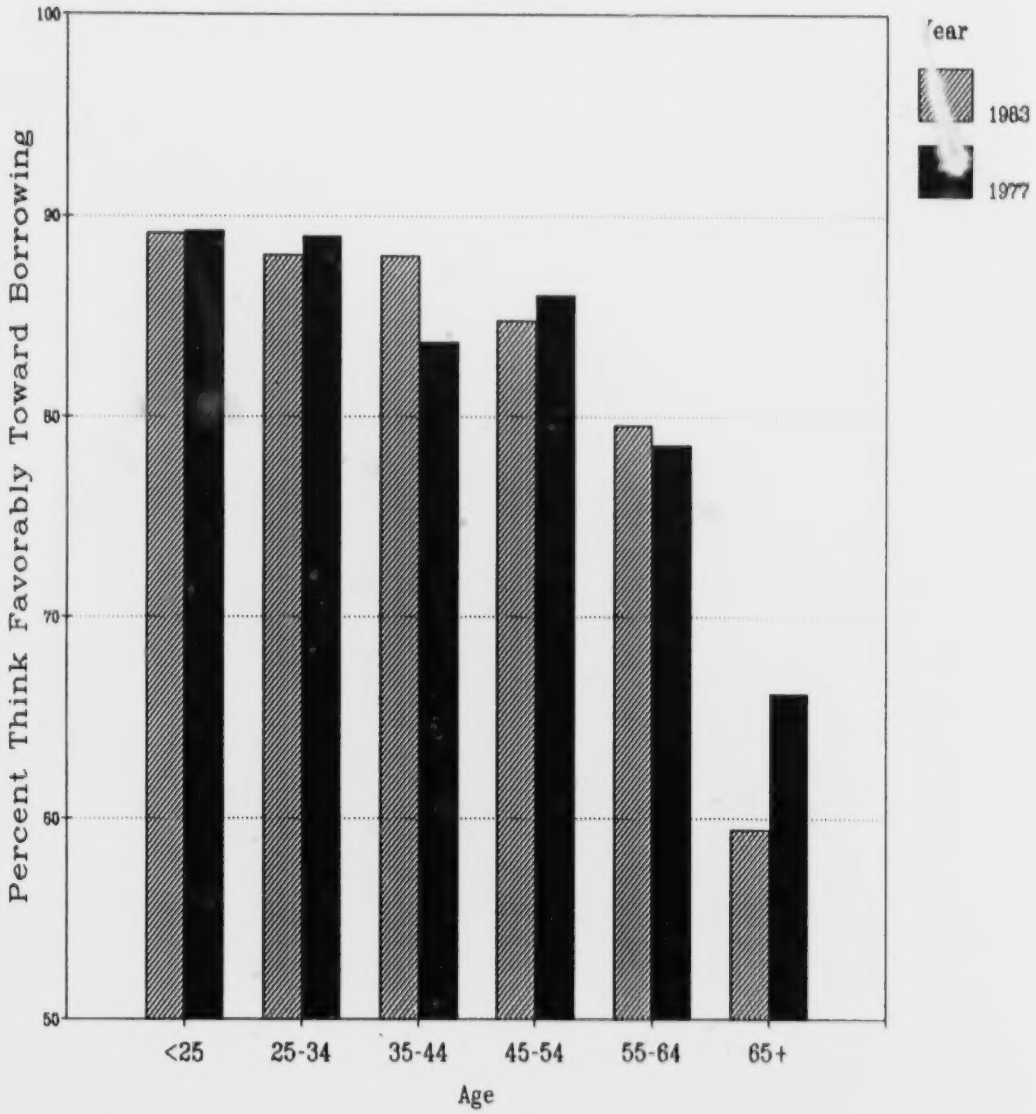
Occupation: Figure 6 shows the proportion of individuals in different occupations who thought borrowing for education was a good idea in 1983. Generally, professionals and others likely to have education beyond high school were more favorably disposed. Laborers were least likely to think borrowing for education was a good idea, but even in this group 75 percent

FIGURE 4
WILLINGNESS TO BORROW FOR EDUCATIONAL EXPENSES
BY GENDER
1983 AND 1977



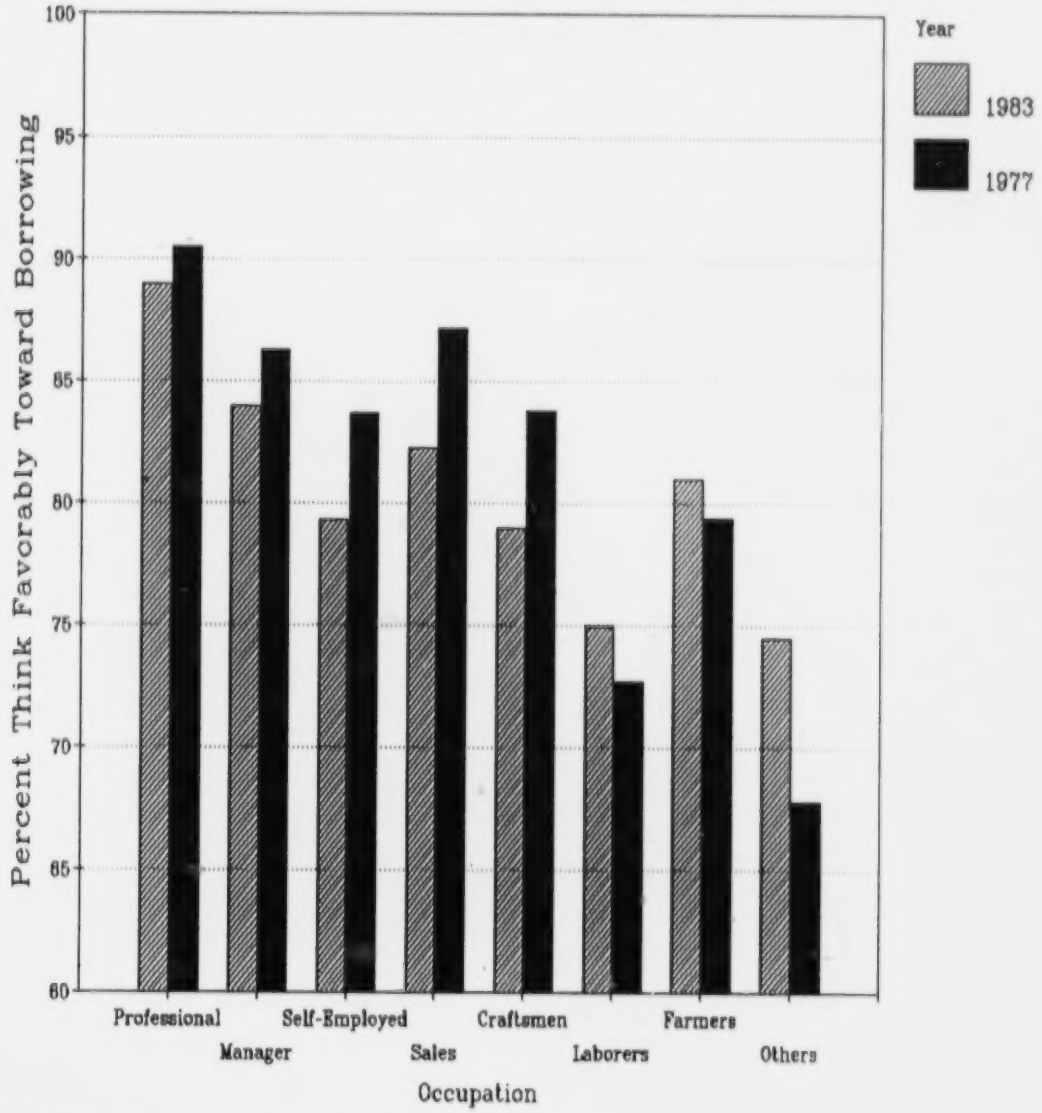
Source: Survey of Consumer Finances, Federal Reserve System.

FIGURE 5
WILLINGNESS TO BORROW FOR EDUCATIONAL EXPENSES
BY AGE
1983 AND 1977



Source: Survey of Consumer Finances, Federal Reserve System

FIGURE 6
WILLINGNESS TO BORROW FOR EDUCATIONAL EXPENSES
BY OCCUPATION
1977-1983



Source: Survey of Consumer Finances, Federal Reserve System

thought favorably. Notably, while attitudes toward borrowing for education became less favorable between 1977 and 1983 in most occupations, they became more favorable for laborers and farmers -- two groups hit hard by recession during the early 1980s.

Educational attainment: Figure 7 shows the proportion of individuals at different levels of educational attainment in 1977 and 1983 who thought borrowing to finance educational expenses was a good idea. The strong relationship between educational attainment and willingness to borrow for education is evident. Those with least education (like the oldest in Figure 4), showed the greatest decline in willingness to borrow for education between 1977 and 1983. Those with some college showed an improved attitude toward educational loans.

Income: Figure 8 shows the proportion of survey respondents from different household income intervals in 1983 that viewed educational loans favorably. Figure 9 shows similar data from the 1977 survey. These results are both striking and relevant to student aid policy because need for aid is negatively related to income. The group that thinks least favorably toward loans is the lowest income population. Whereas 85 percent to 89 percent of those from incomes above $18,000 viewed student loans favorably in 1983, only about 62 percent of those from incomes in the $4000 to $6000 range shared that view. Figure 10 shows these data back to 1959 in the constant dollar income intervals shown in Table 2.

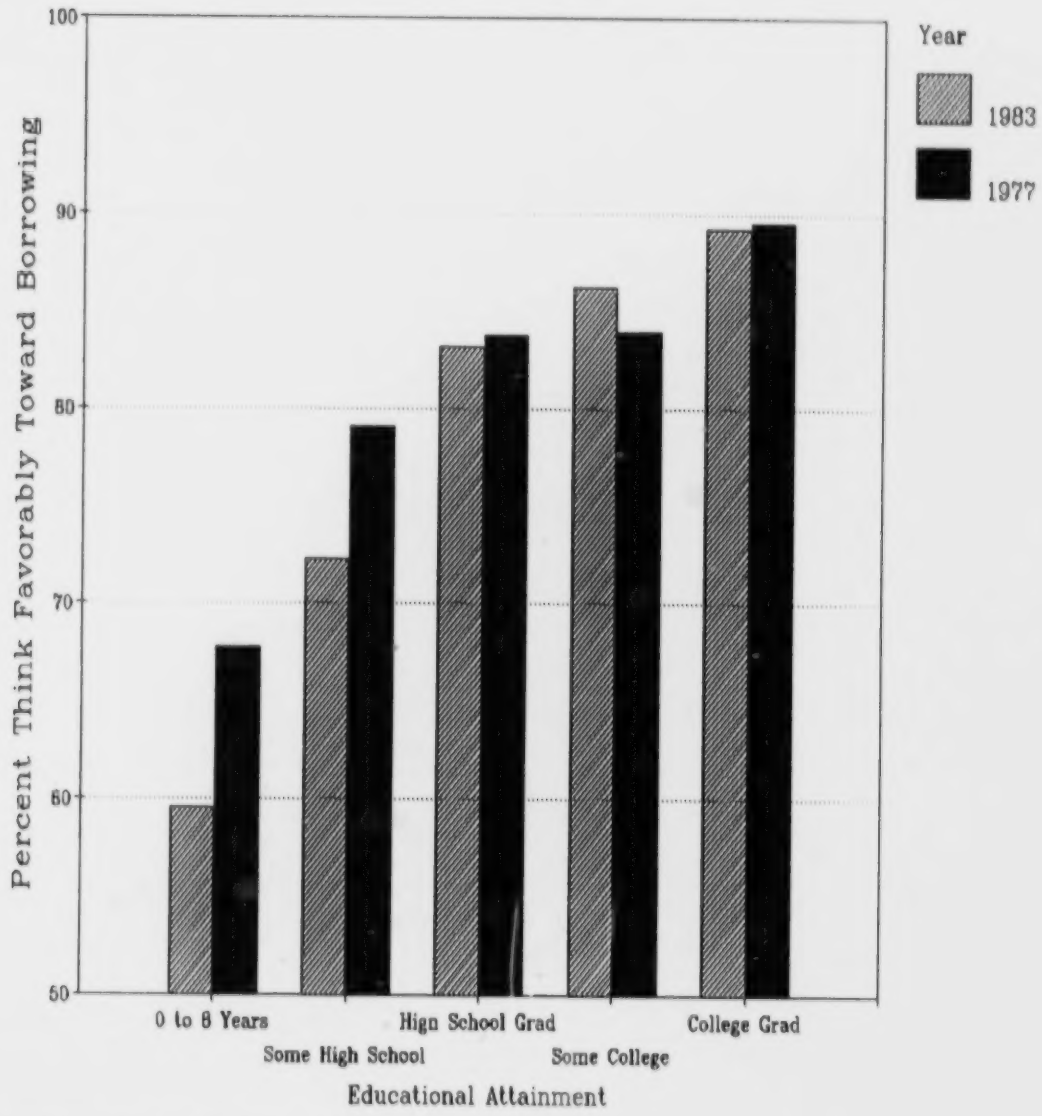
Race: Figure 11 plots the attitude toward educational borrowing by major racial/ethnic category. By 1983, blacks and whites had the most favorable attitudes toward educational loans; about 81 percent of each group had favorable attitudes. Hispanics hold these loans least favorably -- 72 percent positive. Moreover, between 1977 and 1983, the proportion of Hispanics reporting a positive attitude toward educational loans dropped from 85 percent to 72 percent.

Income and race: The interaction of income and race offers still more insight into attitudes toward educational loans, as shown in Figure 12. Controlling for income in the 1983 survey, at each level of income through $52,000 per year, blacks view student loans most favorably and Hispanics least favorably. For all three groups, the percent of survey respondents who gave a favorable response to student loans increased with income. White survey respondents stood between these two groups at each income interval.

Americans have a generally positive attitude toward borrowing to finance educational expenses. Four out of five Americans indicate that they have a favorable attitude toward borrowing for this purpose. Moreover, borrowing to finance educational expenses has remained a top priority for Americans for over two decades.

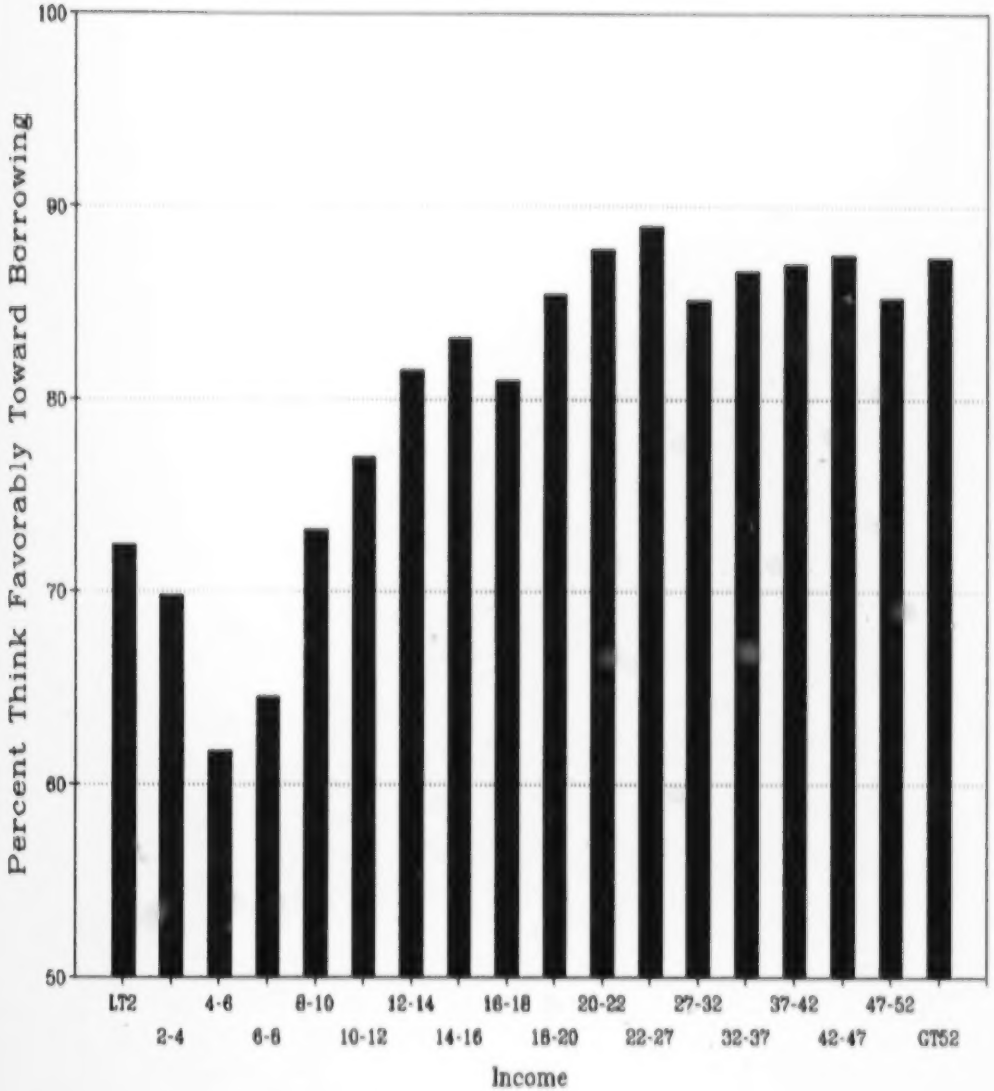
When demographically defined subgroups of the population are considered, the proportion of survey respondents reporting favorable attitudes toward educational loans climbs close to 90 percent. The groups with the highest proportion of respondents having favorable attitudes include constituencies traditionally important to higher education. These include

FIGURE 7
WILLINGNESS TO BORROW FOR EDUCATIONAL EXPENSES
BY EDUCATIONAL ATTAINMENT
1983 AND 1977



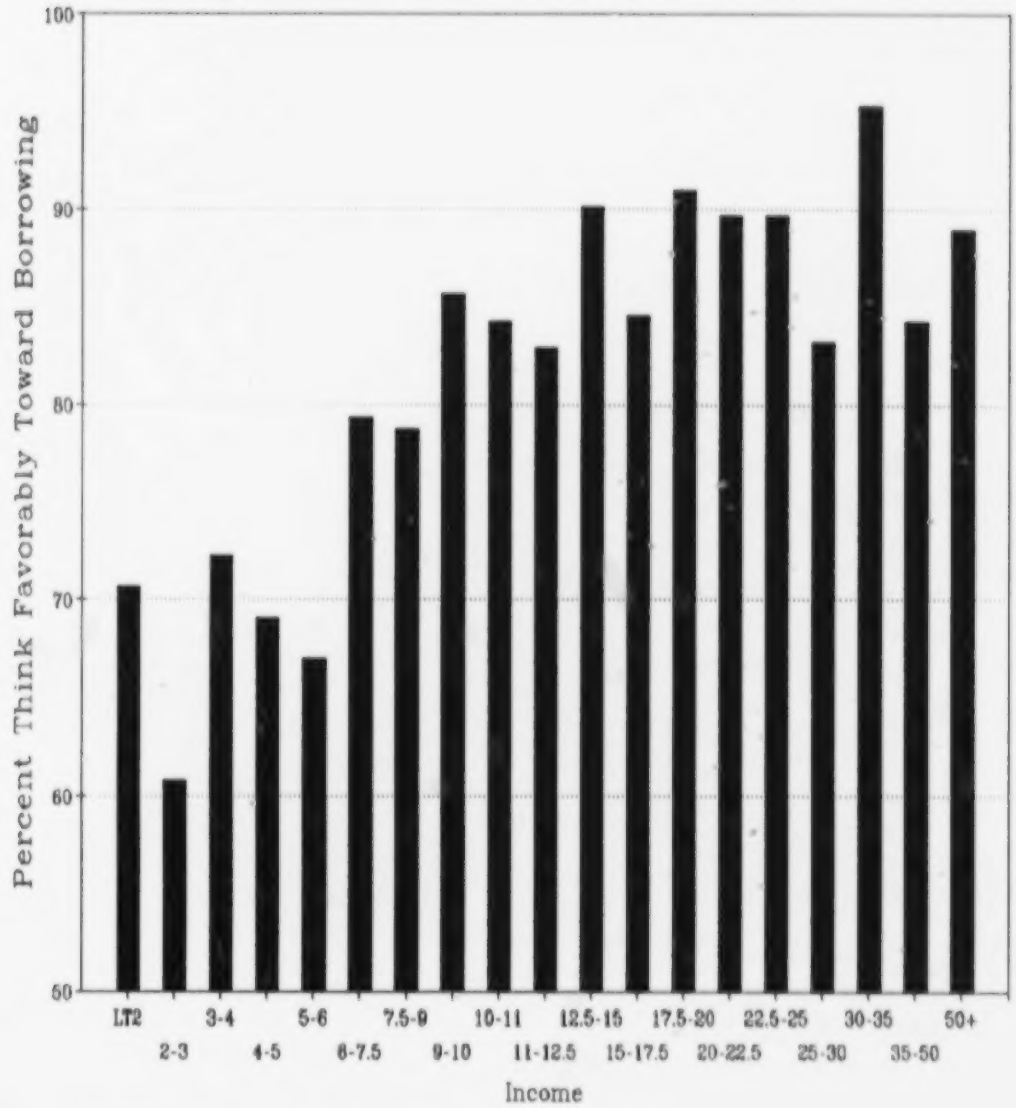
Source: Survey of Consumer Finances, Federal Reserve System.

FIGURE 8
WILLINGNESS TO BORROW FOR EDUCATIONAL EXPENSES
BY INCOME
1983



Source: Survey of Consumer Finances, Federal Reserve System

FIGURE 9
WILLINGNESS TO BORROW FOR EDUCATIONAL EXPENSES
BY INCOME
1977



Source: Survey of Consumer Finances, Federal Reserve System

FIGURE 10
WILLINGNESS TO BORROW FOR EDUCATIONAL EXPENSES
BY HOUSEHOLD INCOME INTERVALS
1959, 1967, 1977 AND 1983

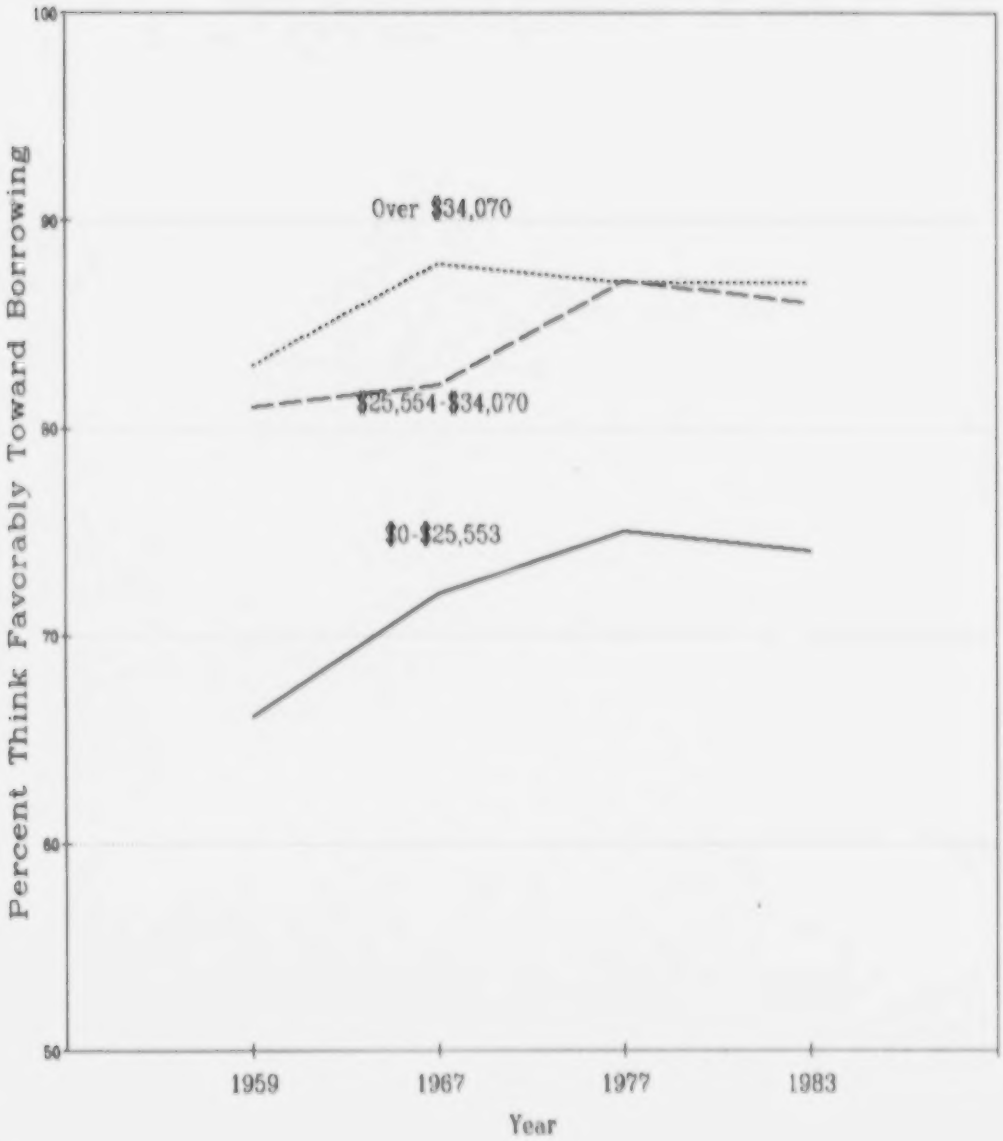
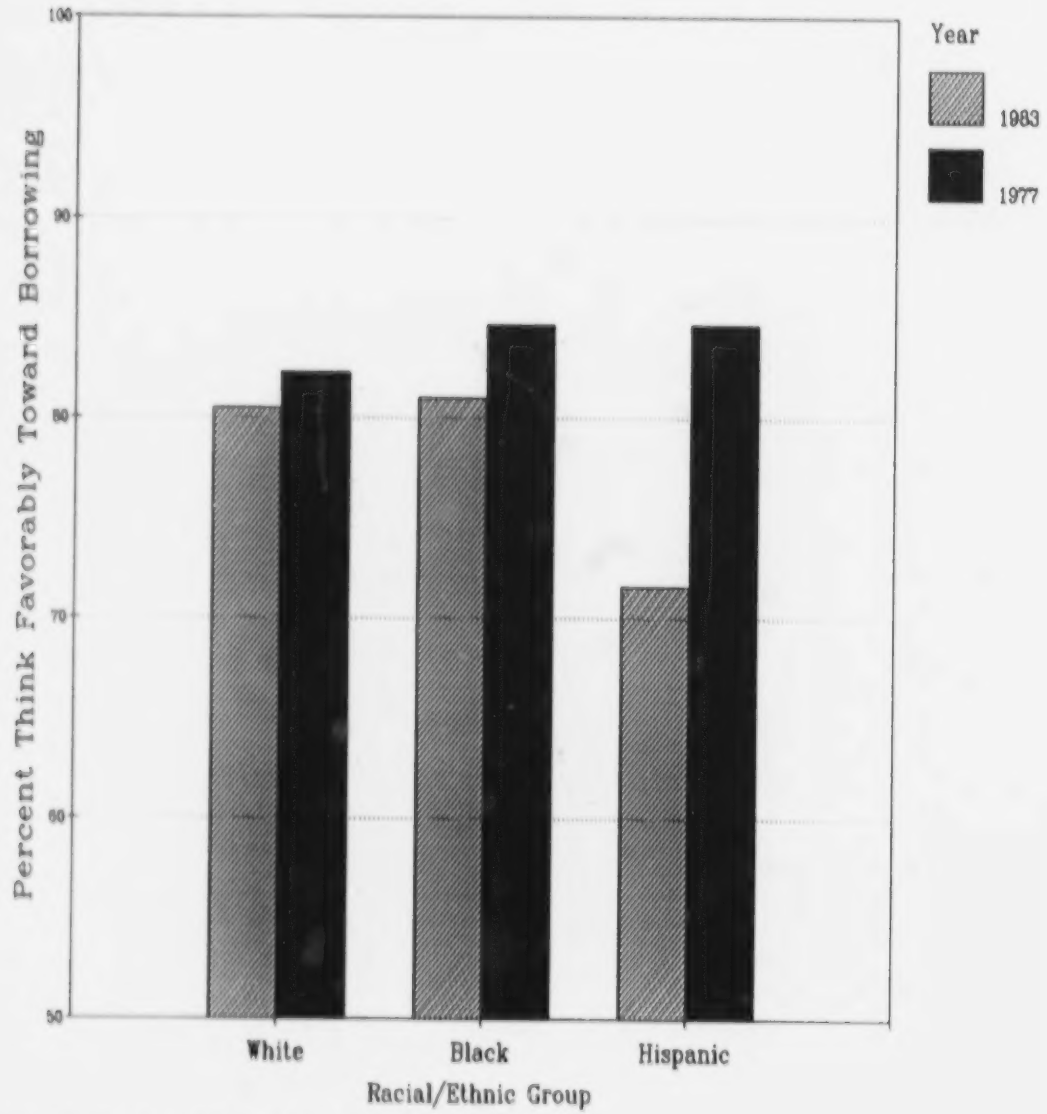
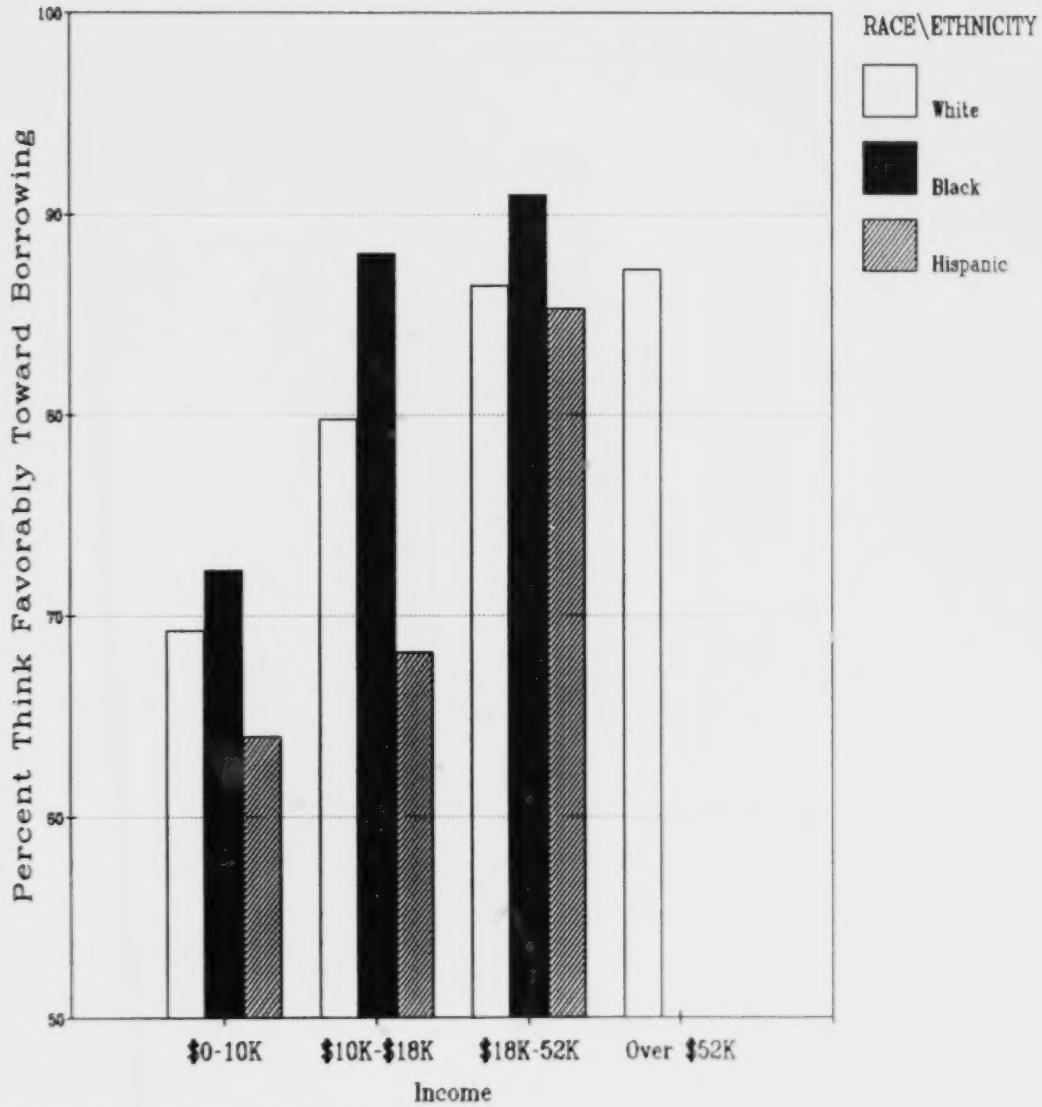


FIGURE 11
WILLINGNESS TO BORROW FOR EDUCATIONAL EXPENSES
BY RACE
1983 AND 1977



Source: Survey of Consumer Finances, Federal Reserve System

FIGURE 12
WILLINGNESS TO BORROW FOR EDUCATIONAL EXPENSES
BY INCOME AND RACE/ETHNICITY
1983



Source: 1983 Survey of Consumer Finances, Federal Reserve System

those from middle and upper income backgrounds, people in their 20s and 30s, workers from white collar occupations (professionals, managers), and families with incomes over $21,000 per year (1987 dollars).

However, other subgroups of the population do not share the enthusiasm for educational loans reported for the above groups. These groups have also been less evident constituencies of higher education. They include people who are older, those with least formal education, families with less income especially those from below the poverty line, Hispanics, and workers from lowest skill levels. The differences are summarized in Table 3.

TABLE 3

Population Subgroups with Most and Least Favorable Attitudes Toward Educational Loans in 1983

Characteristic	Most Favorable Group	Rate	Least Favorable Group	Rate	Difference in Rates
Age	LT 25	89.2%	GT 64	59.5%	29.7%
Educ Attainment	Coll Gd	89.3	0-8 Yrs	59.6	29.7
Family Income(83$)	$22-27K	89.0	$4-6K	61.7	27.3
Race/ethnicity	Asian	89.5	Hispanic	71.6	17.9
Occupation	Prfsnl	89.0	Laborers	75.0	14.0
Gender	Males	84.2	Females	76.4	7.8

Clearly, Americans vary in their attitudes toward educational loans.

Interpretation of the Findings

The preceding findings from the Federal Reserve System surveys show generally very favorable attitudes toward borrowing to finance educational expenses. Borrowing money for this purpose is deemed among the most worthy of reasons for borrowing by four out of five Americans.

At the same time, when the population is analyzed in more detail, some portions of the population are not enthusiastic about borrowing to finance education. This reluctance of some portions of the population must be taken into consideration by those who formulate and carry out public policy regarding the use of loans to finance college educations. The following considerations will help clarify reasons why such sensitivity is required.

Loans as Substitutes for Grant Aid

College attendance costs have increased faster than grant aid available to lowest income aid applicants, requiring such students to seek out alternative aid sources to finance the shortfall. Between 1975-76 and 1987-88, the cost of attending a public two-year college increased by about $3,900. For a campus resident at a public university, the cost increase was also about $3,900. For a campus resident at a private four-year college, the cost increase was about $6,600.

Yet during this same period of time, the maximum Pell Grant for which poverty level Pell applicants could qualify increased by just $700 -- from $1,400 to $2,100. That leaves a shortfall of $3,200 at public community colleges and universities, and $5,900 at private four-year colleges, to be made up by alternative financial aid sources (including choosing a lower cost institution or not attending college at all). For 1988-89, public college attendance costs will increase by another $300 to $400, and private college costs will increase by another $700 to $800, while the maximum Pell Grant for the neediest aid applicants will increase by just $100.

Pell Grant recipients are typically lowest income aid applicants and therefore most dependent on financial aid to pay for their college attendance costs. Most alternative aid sources have not increased to make up for the lack of growth in the Pell Grant Program. (Some of these programs have actually been reduced or eliminated altogether.) As a result, the composition of financial aid packages available to needy students has shifted away from grant aid toward loan aid. According to a national survey of college freshmen, 7 percent of all first-time, full-time college freshmen reported receiving a loan in the fall of 1976, compared to 22 percent by the fall of 1987. The proportion reporting receiving Pell Grants declined during this same period, from 21 percent to 17 percent. (Astin et al., 1987)

As the federal government has shifted its financial aid to college students from grants to loans, a number of enrollment problems have emerged that financial aid was designed to address. Notable among these problems is the college access gap for minority high school graduates compared to white high school graduates.

During the 1960s, the difference between the rates at which recent white and nonwhite high school graduates entered college shortly after high school averaged 13 percent. That is, while white high school graduates entered college at an average rate of 51 percent during the 1960s, nonwhite high school graduates entered college at an average rate of 38 percent, thus the difference of 13 percent in college participation rates during this period. During the first half of the 1970s, this gap nearly closed. Between 1974 and 1979, the difference between the white and nonwhite college participation rates for recent high school graduates averaged less than 1 percent. Then, concurrently with the decline in Pell Grants and the growth of student loans, the difference between the college participation rates began to widen. Between 1983 and 1986, the difference between the rates for whites and nonwhites averaged nearly 14 percent -- or more than it was during the 1960s.

The causes of the college access gap for nonwhite high school graduates may never be fully known. However, the reemergence of the college access gap for nonwhites is all the more striking given their improved high school retention performance (Stern, 1987), and their improved test scores at ages 9, 13 and 17 in the National Assessment of Education Progress (Grant and Snyder, 1986). In the ACT Assessment, all minority groups have shown increases in mean composite scores, particularly since 1985. Despite serious shortcomings in the preparation of many minorities for participation in higher education, blame for their declining participation in higher education should not be attributed to failures in the secondary school system. Nor, it appears from other data, can their absence be attributed to admissions denials by colleges, since colleges are admitting an increasing share of their applicants. Nor, perhaps, can the replacement of grants by loans be used to explain the loss of blacks in higher education, because of the relatively positive attitude of blacks toward loans compared to whites at similar income levels.

Rather, to the extent financial aid is a factor in the absence of minorities in higher education, the Hispanic attitude toward borrowing to finance educational expenses (or anything else for that matter) could contribute to low Hispanic participation rates in collegiate education. For blacks, who are disproportionately represented in the lowest income population, a positive attitude toward borrowing for education (compared to whites) may be overwhelmed by the reluctance of those who are poor to borrow for education. Thus, financial aid in amount and form may be an important contributing factor in the loss of minority participation in higher education during the 1980s.

Student Loan Defaults

As the volume of student borrowing to finance educational expenses has increased, so too has the volume of student loans that have been defaulted. Under a constraint of limited federal funding for student aid, more funds spent on loan defaults results in less funds available for funding potential student attendance costs. For federal fiscal year 1987, federal guaranteed student loan terminations for default cost the government -- and the student financial aid system -- $1.855 billion according to the Office of Management and Budget. Moreover, during years of large deficits in the federal budget, the growth in defaulted federally guaranteed student loans has diverted attention away from the real decline in student aid funding. Although one cannot say that this adverse publicity has reduced student aid funding, the attention focused on the contribution of student loan defaults to the federal deficit probably does not help the cause of students with financial needs to achieve higher educational opportunity.

Characteristics of Student Loan Defaulters

This section summarizes research findings on the characteristics of student loan defaulters. As will be shown, the characteristics of students likely to default on their student loans are similar in some respects to the characteristics of individuals who are likely to hold an unfavorable view of educational loans.

The major research findings on the characteristics of GSL defaulters may be summarized under the following nineteen points. States, agencies or researchers reporting these findings are noted.

Precollegiate Characteristics

1. Defaulters tend to come from very low family income backgrounds. (VA, PA, US, Wilms, GAO)
2. Black students have the highest probability of defaulting, followed by Hispanics and whites. Asians have the least probability of defaulting. (Wilms)
3. Males are somewhat more likely to default than females. (Wilms)
4. Defaulters are more likely to be high school dropouts. (Wilms)
5. Noncitizen borrowers are less likely to default than borrowers who are citizens. (Wilms)
6. Independent students are more likely to default than dependents. (GAO) However, another study of California defaulters reached the opposite conclusion. (Wilms)

Collegiate Characteristics

7. Defaulters attend short duration programs. (GAO)
8. Defaulters tend to attend vocational or proprietary schools. (NY, PA, GAO, Wilms)
9. Defaulters are more likely to have enrolled in a program of study in cosmetology than in business, trade, health or other programs. (Wilms)
10. Defaulters average about one year in postsecondary education. (PA,NY)
11. Program dropouts are more likely to default on loans than are those who completed their programs of study. (Wilms)
12. Default rates drop off with increasing enrollment persistence. (GAO)
13. Defaulters are more likely to attend school in a state different than the state of the guarantor. (GAO)
14. Defaulters are more likely to reside in a state different from that of the guarantor and the school attended. (GAO)

Postcollegiate Characteristics

15. Defaulters are far more likely to be unemployed when their loans become due than are borrowers who have jobs after graduation. (NY)
16. The earnings of defaulters were relatively low when the loan became due. (PA)
17. Defaulters usually have smaller loan balances than those who pay. (PA, VA, CA, VT, NY, IL, GAO)
18. Defaulters are likely to have only one loan. (NY, CA)
19. Defaulters report little family help in repaying their loans. (NY)

Most of these findings were known to and summarized by the Belmont Task Force, convened in January of 1988 by Congressman Williams to consider options for dealing with the issue of student loan defaults. The Belmont group reached this conclusion: "Contrary to popular perception, the typical defaulter is not a 'deadbeat' who refuses to pay, but appears to be a dropout who is unable to pay." (Belmont, 1988) The Belmont Task Force concluded that a

substantial portion of the student loan default problem could be ascribed to "structural default" -- that is, to loan recipients who by virtue of being high risk would normally encounter difficulty in repaying their student loans.

The most consistent finding in studies of precollegiate characteristics of student loan defaulters is that they come disproportionately from very low income family backgrounds. At the same time, family income more effectively discriminates among different subgroups surveyed in attitudes toward borrowing to finance educational expenses: very low income respondents were much less likely to endorse borrowing to finance educational expenses than were respondents from middle income families.

Another parallel finding relates to race/ethnicity. In the California study by Wilms and his colleagues (1987), blacks, on average, were found to have the highest probability of default, followed by Hispanics and whites, with Asians least likely to default. In the Federal Reserve System attitudinal data for 1983, Hispanics had the least favorable attitude toward educational loans, followed by whites and blacks. The difference for blacks between borrowing attitude and repayment behavior may be related to the labor market conditions for black college graduates, particularly black male college graduates compared to white male college graduates.

Other findings are inconsistent between characteristics of those with less positive attitudes toward borrowing to finance educational expenses and those who default on student loan repayment obligations. This does not negate the value of the attitudinal data because the attitudinal survey measured only willingness to take out an educational loan, not willingness or ability to repay it following college. Rather, the attitudinal data are better used to evaluate front-end enrollment decisions regarding the effect of the student aid package containing loans on student enrollment decisions of access, choice, and persistence. Other conditions will determine student loan repayment after college.

Conclusion

Guaranteed student loan program costs have drawn the attention of the federal government policy makers and program administrators as a problem of their costs rather than as a matter of their causes. Generally, financial aid research has reflected the federal concern with student loan defaults in the manner of a budget issue, rather than as an issue related to an assessment of the effectiveness and appropriateness of loans as a means of financing educational opportunity aims of student financial aid. Most prior research has sought to identify the characteristics of defaulters, the kinds of schools they attended, and the practices of schools and lenders in making loans available to students. The policy, administrative, and research objective was and is the control of program costs. To date, this effort appears to have been largely unsuccessful in achieving its objective of reducing the default costs of student loans.

Missing from this appraisal of the loan aspects of student aid policy is a consideration of whether or not guaranteed student loans are achieving the purposes for which they were created -- to help students with financial need to pay for their college educations. During the same period of time when

loans replaced grants as the major form of federal student financial aid, the proportion of white recent high school graduates going on to college increased sharply while the proportion of nonwhites going on to college decreased sharply. Is there a connection between the growth in loans, the growth in white college enrollment, and the decrease in nonwhite college enrollment?

The assessment of attitudes toward borrowing to finance educational costs is important. The study of attitude can help identify the limitations of loans in achieving higher educational opportunity goals of access, choice, and persistence. Some populations appear to be more receptive to loans than other populations. For students with serious reservations about educational loans, alternative means of financing higher educational opportunity aims must be developed if equity of higher educational opportunity is to be restored.

The attitude research summarized by Carlson from the early 1970s and the findings reported here from the Federal Reserve System surveys conducted between 1959 and 1983 consistently indicate that not all financial aid applicants share the same attitudes toward borrowing to finance educational costs. For example, those with lowest incomes have the most negative attitudes toward borrowing, and have the highest default rates. Asians, with a favorable attitude toward borrowing, also have a low default rate.

But the research is not complete. For example, the finding by Wilms and his colleagues that blacks have the highest probability of defaulting on their student loans was not controlled by any measure of academic aptitude. Extensive research on success in college has shown strong relationships between previous academic performance (e.g., high school class rank), standardized tests (e.g., ACT, SAT), and success in college. Since many blacks enter college less well prepared to succeed than better prepared peers, the lack of control for known measures of probability of success in college should temper the significance of this finding. Nor, for that matter, were any postcollegiate job market conditions controlled for in his study, despite the consistent finding from other studies that defaulters are most likely to be unemployed when they enter default.

Directions for Future Research

Additional information is needed to address through effective public policy two key questions. First, are loans effective substitutes for grants for all groups of potential students? Second, what can be done to reduce student loan defaults? These two questions are undoubtedly related, and insight gained from the study of either questions would probably help resolve the other.

An accurate and useful model of student loan default should completely and appropriately control for three categories of influence on loan default probability. Research findings on defaulter characteristics reported to date are suggestive, but cannot be said to be conclusive without more comprehensive modeling. In fact, the following research model could provide information that would address student aid program effectiveness as well as guaranteed student loan program costs.

First, precollegiate loan recipient characteristics known to influence college enrollment behavior, success in college, and attitude toward borrowing must be specified. These should include family socioeconomic background, high school grades, standardized test scores, previous experience with debt, and expectations.

Second, postsecondary environmental factors known to influence persistence must be included. These should include for examples measures of academic and social integration in college, and financial aid packaging and counseling.

And third, postgraduation factors must be specified. These would include job market success (including employment status when the loan comes due), earnings, and other obligations against those earnings.

Quite likely, such a research effort would produce findings that simultaneously would serve federal objectives of improved equity of higher educational opportunity and reduce the costs of the Guaranteed Student Loan program.

REFERENCES

Ajzen, A., & Fishbein, M. (1977). Attitude-Behavior Relations: A Theoretical Analysis and Review of Empirical Research. Psychological Bulletin, 85(5), 888-918.

Belmont Task Force. (1988). Recommendations, Final Report.

Carlson, D. (1974). Student Price Response Coefficients for Grants, Loans, Work-Study Aid, and Tuition Changes: An Analysis of Student Surveys. University of California, Davis.

Davis, J. S. (1988). Testimony for the U. S. House of Representatives Subcommittee on Postsecondary Education. Pennsylvania Higher Education Assistance Agency: Harrisburg, Pennsylvania.

Fredricks, A. J., & Dossett, D. L. (1983). Attitude-Behavior Relations: A Comparison of the Fishbein-Ajzen and the Bentler-Speckart Models. Journal of Personality and Social Psychology, 45(3), 501-512. American Psychological Association.

Gainer, W. J. (1988). GAO's Views on the Default Task Force's Recommendations for Reducing Default Costs in the Guaranteed Student Loan Program. United States General Accounting Office: Washington, D.C.

Gladieux, L. E., & Wolanin, T. R. (1976). Congress and the Colleges. Lexington Books: Lexington, Massachusetts.

Grant, W. V., & Snyder, T. D. (1985-86). Digest of Education Statistics 1986. Office of Educational Research and Improvement, U. S. Department of Education: Washington, D. C.

Hansen, J. S. (1987). Student Loans: Are They Overburdening a Generation? The College Entrance Examination Board: Washington, D.C.

Hanson, D. J. (1980). Relationship between methods and findings in attitude-behavior research. Psychology, A Quarterly Journal of Human Behavior, 17(3), 11-13.

Hendricks, G., & Youmans, K. C. (1973). Consumer Durables and Installment Debt: A Study of American Households. Survey Research Center, Institute for Social Research, The University of Michigan: Ann Arbor, Michigan.

Lewis, G. L. (1988). Trends in Student Aid: 1980 to 1988. The College Board: Washington, D. C.

Liska, A. E. (1984). A Critical Examination of the Causal Structure of the Fishbein/Ajzen Attitude-Behavior Model. Social Psychology Quarterly.

Office of Management and Budget, Executive Office of the President. Special Analyses Budget of the United States Government. Annual. Government Printing Office: Washington, D. C.

Olinsky, A. (1984). Student Loan Payers and Defaulters. New York State Higher Education Services Corporation: Albany, N.Y.

Mortenson, T. G. (1987). Why Student Financial Aid? (ACT Student Financial Aid Research Report Series, 87-1). Iowa City, Iowa: The American College Testing Program.

Newman, F. (1985). Higher Education and the American Resurgence. Carnegie Foundation for the Advancement of Teaching: Princeton, New Jersey.

Petty, R. E., & Cacioppo, J. T. (1981). Attitudes and Persuasion: Classic and Contemporary Approaches. Wm. C. Brown: Dubuque, IA.

Piliavin, J. A. (1981). Methods, findings, and history in attitude-behavior research: A rejoinder to Hanson. Psychology: A Quarterly Journal of Human Behavior, 18(4).

Regan, D. T., & Fazio, R. (1977). On the consistency between attitudes and behavior: Look to the method of attitude formation. Journal of Experimental Psychology, 13, 28-45.

Stern, J. D., & Chandler, M. O., eds. (1987). The Condition of Education. Center for Education Statistics, U. S. Department of Education: Washington, D. C.

Wilms, W. W., Moore, R. W., & Bolus, R. E. (1987). Whose Fault is Default? A Study of the Impact of Student Characteristics and Institutional Practices on Guaranteed Student Loan Default Rates in California. Educational Evaluation and Policy Analysis, 9(1), 41-54.

TABLE A-1: AID AWARDED TO POSTSECONDARY STUDENTS
1963-64 TO 1987-88
(Current Dollars)

	Academic Year												
	63-64	70-71	75-76	77-78	79-80	80-81	81-82	82-83	83-84	84-85	85-86	86-87	87-88
FEDERAL PROGRAMS:													
Pell Grants	$0	$0	$936	$1,588	$2,505	$2,387	$2,299	$2,418	$2,792	$3,385	$3,572	$3,449	$3,739
SEOG	$0	$134	$201	$243	$333	$368	$362	$343	$361	$374	$410	$379	$396
SSIG	$0	$0	$20	$60	$76	$77	$77	$74	$60	$76	$76	$73	$76
CWS	$0	$227	$295	$469	$595	$660	$624	$615	$683	$645	$656	$636	$661
Perkins/NDSL	$114	$240	$460	$615	$646	$694	$580	$597	$682	$677	$703	$799	$830
Income Contingent Lo	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$5
GSL,PLUS	$0	$1,015	$1,267	$1,737	$3,926	$6,203	$7,223	$6,694	$7,578	$8,603	$8,839	$9,099	$9,386
Social Security	$0	$439	$1,093	$1,370	$1,587	$1,883	$1,996	$733	$220	$35	$0	$0	$0
Veterans	$67	$1,121	$4,180	$2,598	$1,784	$1,714	$1,351	$1,356	$1,148	$1,302	$849	$780	$773
Other grants	$9	$16	$64	$83	$115	$118	$102	$81	$57	$54	$58	$59	$61
Other loans	$0	$42	$45	$42	$42	$62	$109	$216	$263	$327	$372	$315	$234
Subtotal	$190	$3,234	$8,561	$8,805	$11,609	$14,166	$14,723	$13,127	$13,844	$14,933	$15,535	$15,589	$16,161
Federal aid by type													
Gift Aid	$76	$1,770	$6,494	$5,942	$6,400	$6,547	$6,187	$5,005	$4,638	$4,576	$4,965	$4,740	$5,045
	40.0%	53.7%	75.9%	67.5%	55.1%	46.2%	42.0%	38.1%	33.5%	30.9%	32.0%	30.4%	31.2%
Loans	$114	$1,237	$1,772	$2,394	$4,614	$6,959	$7,912	$7,507	$8,523	$9,612	$9,914	$10,213	$10,455
	60.0%	39.4%	20.7%	27.2%	39.7%	49.1%	53.7%	57.2%	61.6%	64.8%	63.8%	65.5%	64.7%
Employment	$0	$227	$295	$469	$595	$660	$624	$615	$683	$645	$656	$636	$661
	.0%	6.3%	3.4%	5.3%	5.1%	4.7%	4.2%	4.7%	4.9%	4.3%	4.2%	4.1%	4.1%
STATE GRANT PROGRAMS	$56	$236	$490	$677	$788	$801	$921	$1,006	$1,106	$1,222	$1,311	$1,432	$1,540
INSTITUTIONAL AID	$300	$965	$1,435	$1,596	$1,888	$2,060	$2,247	$2,507	$2,881	$3,221	$3,674	$4,056	$4,565
TOTAL AID	$546	$4,435	$10,486	$11,078	$14,285	$17,027	$17,891	$16,640	$17,831	$19,376	$20,520	$21,077	$22,266
DISTRIBUTION BY TYPE													
Gift Aid	$432	$2,971	$8,419	$8,215	$9,076	$9,408	$9,355	$8,518	$8,625	$9,019	$9,950	$10,228	$11,150
	79.1%	66.1%	80.3%	74.2%	63.5%	55.3%	52.3%	51.2%	48.4%	46.8%	48.5%	48.5%	50.1%
Loans	$114	$1,297	$1,772	$2,394	$4,614	$6,959	$7,912	$7,507	$8,523	$9,612	$9,914	$10,213	$10,455
	20.9%	28.9%	16.9%	21.6%	32.3%	40.9%	44.2%	45.1%	47.8%	49.9%	48.3%	48.5%	47.0%
Employment	$0	$227	$295	$469	$595	$660	$624	$615	$683	$645	$656	$636	$661
	.0%	5.1%	2.8%	4.2%	4.2%	3.9%	3.5%	3.7%	3.8%	3.3%	3.2%	3.0%	3.0%

Source: "Trends in Student Aid," The College Board.

TABLE A-2
FEDERAL DIRECT LOAN WRITE-OFFS

(Dollars in Millions, % of Outstanding Loans)

Direct Loans		Federal Fiscal Year 1982	1983	1984	1985	1986	1987	1988e	1989e
Commodity Credit Corporation	$	-	-	-	-	1	1	63	78
	%	-	-	-	-	.01	-	.38	.56
FmHA Agricultural Credit Insurance	$	20	31	46	114	205	865	1220	663
	%	-	-	.18	.42	.72	3.07	4.61	2.77
Rural Housing Insurance Fund	$	-	-	-	-	16	31	30	30
	%	-	-	-	-	.06	.11	.11	.12
Economic Development Developing Fund	$	-	-	-	-	-	99	100	26
	%	-	-	-	-	-	17.62	20.04	6.22
Student Loans	$	-	172	65	6	7	121	225	328
	%	-	-	1.31	.21	.08	1.74	4.42	5.80
Other Education Loans	$	-	-	-	-	15	24	60	50
	%	-	-	-	-	.19	.48	3.29	4.00
Federal Housing Administration	$	132	632	152	55	82	65	68	69
	%	-	-	3.65	1.31	1.94	1.46	1.50	1.55
MARAD Ship Financing Fund	$	-	-	-	-	-	196	-	-
	%	-	-	-	-	-	12.69	-	-
Small Business Loans	$	241	280	327	360	393	411	377	364
	%	-	-	7.12	7.60	8.00	10.51	13.49	14.53
Small Business Disaster Loan Fund	$	67	98	102	139	161	181	144	128
	%	-	-	2.06	2.92	3.67	4.56	4.09	4.48
Other	$	147	191	213	98	66	3	22	24
	%	-	-	.11	.05	.05	.01	.02	.02
TOTAL WRITE-OFFS	$	607	1404	1213	772	946	1997	2309	1760
	%			.53	.32	.38	.82	1.02	.83

TABLE A-3
FEDERAL GUARANTEED LOAN TERMINATIONS FOR DEFAULT

(Dollars in Millions, % of Outstanding Loans)

Guaranteed Loans:		Federal Fiscal Year 1982	1983	1984	1985	1986	1987	1988e	1989e
Commodity Credit Corporation	$	-	-	-	185	317	456	642	635
	%	-	-	-	3.78	7.28	12.42	11.72	10.67
FmHA Agricultural Credit Insurance	$	-	-	-	26	61	90	126	190
	%	-	-	-	2.07	3.44	3.87	3.99	4.73
Rural Development Insurance Fund	$	-	-	-	-	82	57	50	40
	%	-	-	-	-	2.96	2.51	2.80	2.57
Economic Development Revolving Fund	$	-	-	-	103	5	148	20	15
	%	-	-	-	32.09	1.92	77.49	19.80	16.48
Guaranteed Student Loans	$	286	486	749	1018	1475	1382	1728	1855
	%	-	-	2.34	3.00	3.97	3.56	4.25	4.44
Federal Housing Administration	$	890	1484	1756	2234	2906	4433	5016	5027
	%	-	-	1.03	1.22	1.39	1.78	1.80	1.87
MARAD Ship Financing Fund	$	-	-	93	321	1243	342	250	100
	%	-	-	1.32	4.76	21.73	7.38	6.18	2.72
Biomass Energy Development	$	-	-	-	-	-	196	-	-
	%	-	-	-	-	-	24.62	-	-
VA Loan Guarantee Revolving Fund	$	709	1056	1121	1353	1541	1898	2426	2322
	%	-	-	.89	1.06	1.11	1.31	1.65	1.66
SBA Business Loans	$	845	790	613	476	457	548	540	505
	%	-	-	6.26	5.30	5.32	6.31	5.85	5.57
AMTRAK	$	-	-	880	-	-	-	-	-
	%	-	-	100.0	-	-	-	-	-
Medical Facilities	$	-	-	-	-	5	-	-	-
	%	-	-	-	-	.53	-	-	-
Health Education Assistance Loans	$	-	-	-	-	18	-	-	-
	%	-	-	-	-	1.86	-	-	-
Export Import Bank	$	25	14	461	258	-	-	-	-
	%	-	-	8.11	4.77	-	-	-	-
Foreign Military Saves	$	217	440	613	-	-	-	-	-
	%	-	-	3.54	-	-	-	-	-
Other	$	98	409	344	103	25	26	74	187
	%	-	-	.11	.39	.11	.11	.27	.30
TOTAL TERMINATIONS	$	3070	4679	6630	6077	8135	9576	10872	10876
	%			.98	1.52	1.88	2.00	2.10	2.03

Source: Executive Office of the President, Office of Management and Budget. Special Analyses, Budget of the United States Government, Fiscal Year 19XX.
e: Estimated

ACT STUDENT FINANCIAL AID RESEARCH REPORTS

This report is the third in a series of student financial aid research reports published by the Research Division of The American College Testing Program. The reports in this series to date are the following:

Why Student Financial Aid? December, 1987. No. 87-1. Thomas G. Mortenson.

Pell Grant Program Changes and Their Effects on Applicant Eligibility, 1973-74 to 1988-89. May, 1988. No. 88-1. Thomas G. Mortenson.

Attitudes of Americans Toward Borrowing to Finance Educational Expenses, 1959-1983. November, 1988. No. 88-2. Thomas G. Mortenson.

Copies of these reports are available in limited quantity by writing:

Educational and Social Research
The American College Testing Program
P.O. Box 168
Iowa City, Iowa 52243